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出席第四十八屆
國際中小企業聯合會 (ICSB)
世界大會—北愛爾蘭伯爾法斯特

出國報告

服務機關：經濟部中小企業處
出國人：賴杉桂 處長
會議地點：北愛爾蘭伯爾法斯特
會議期間：九十二年六月十五日至十八日
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主辦機關:

經濟部中小企業處

聯絡人/電話:

/

出國人員:

賴杉桂 經濟部中小企業處 處長室 處長

出國類別: 其他

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關鍵詞: 中小企業

內容摘要: 本(第四十八)屆ICSB世界大會於本(九十二)年六月十五日至十八日在北愛爾蘭伯爾法斯特市(Belfast)舉行。大會的主題是「促進創業家精神及小企業的未來」(Advancing Entrepreneurship And Small Business)。在主題之下排有全體大會、分組會以及研討會。職除於會中報告我國創新育成中心發展現況外，並就「創業家精神」發表專題演講(詳如附件)。
研討會(Workshop)為分組會議的一部份，討論或發表的內容多與中小企業政策面相關或與促進中小企業創業精神有關。這是ICSB連續第二年努力把與中小企業有關的產、官、學、財、顧各界納入ICSB世界大會的舞台。相信今後ICSB必會持續朝此一方向努力。

本文電子檔已上傳至出國報告資訊網

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一、關於 ICSB

ICSB 是 International Council for Small Business 的縮寫，中文名稱為「國際中小企業聯合會」。它是當今三大國際中小企業組織之一，另外兩個組織分別是 International Small Business Congress (ISBC)(中文名稱為國際中小企業大會)以及 World Association of Small and Medium Enterprises (WASME)(中文名稱為世界中小企業協會)。

ICSB 成立於 1955 年。在 1970 年以前它只是美國國內學術界裏的組織。1970 年以後逐漸發展為全世界性的組織。ICSB 是三大國際中小企業組織中唯一以分會為基礎的組織。個別會員隸屬分會，分會再隸屬國際總會。目前 ICSB 全球有十一個分會，共一千四百多位會員。

十一個分會分別是：

- 澳紐分會 (SEAANZ)
- 巴西分會 (ICSB-Brazil)
- 加拿大分會 (CCSBE)
- 歐洲分會 (ECSB)
- 日本分會 (ICSB-Japan)
- 韓國分會 (ICSB-Korea)
- 波多黎各暨加勒比海分會 (ICSB-PR&C)
- 中華民國分會 (ROC) (ICSB-ROC)
- 新加坡分會 (The Entrepreneur Forum)
- 南非分會 (SAESBA)
- 美國分會 (USASBE)

ICSB 最高權機構是總會的理事會成員包括：

現任會長 (President)

卸任會長 (Immediate-Past President)
下任會長 (President-Elect)
五位副會長 (分別掌握財務、會員及分會、行銷計劃、以及研究出版)
十一位理事(分別由十一個分會長擔任)
二至五位不管事理事
一位資深會代表理事(Wilford White Fellows)

ICSB 除了每年分別在不同的分會舉辦世界大會之外，它每季還出版中小企業管理季刊(Journal of Small Business Management, JSBM) 以及會員通訊 (ICSB Bulletin)。此外它還經常性的維持<<http://www.icsb.org>>的網站，提供許多有關中小企業，創業，管理，及企業諮詢的訊息。

二、關於 ICSB 中華民國分會

按 ICSB 規定，凡會員超過二十五人，按程序申請核准者可成立準分會(Chapter)，凡會員超過五十人按程序申請核准者可成立分會(Affiliate)。我國早在民國七十五年即成立 ICSB 中華民國準分會。由當時中華民國中小企業協會理事長劉今程先生擔任會長，由楊開卓先生擔任副會長。到了民國八十七年時任經濟部中小企業處處長黎昌意先生大力支持，重新提出申請，於民八十八年 ICSB 在義大利那不勒斯召開的理事會中被通過，於是 ICSB 中華民國分會正式成立。分會首任會長是當時任中小企業信用保證基金的總經理張鈞先生。

按照 ICSB 的規定分會才有提出主辦 ICSB 世界大會的權利。2001 年世界大會原定由南非主辦，因為當地政

府輪替的關係，南非分會顯露力有未逮。基於盡一份分會責任，幫助政府拓展國民外交，中華民國分會於 2000 年毅然接下主辦 2001 年世界大會的重任。幸賴政府大力支持，陳總統，經濟部林次長，以及外交部吳次長分別蒞臨大會致詞，使得 2001 年 ICSB 世界大會辦得有聲有色。

三、本屆大會的主題及議程

本屆(第四十八屆)ICSB 世界大會是在今年(九十二年)六月十五日至十八日於北愛爾蘭伯爾法斯特市(Belfast)舉行。大會的主題是「促進創業家精神及小企業的未來」(Advancing Entrepreneurship And Small Business)。職分別於會中就我國「創新育成中心發展現況」及「創業家精神」發表專題演講。在主題之下排有全體大會、分組會以及研討會。職除於會中報告我國創新育成中心發展現況外，並就「創業家精神」發表專題演講(詳如附件)。研討會(Workshop)為分組會議的一部份，討論或發表的內容多與中小企業政策面相關，或與促進中小企業創業精神有關。這是 ICSB 連續第二年努力把與中小企業有關的產、官、學、財、顧各界納入 ICSB 世界大會的舞台。相信今後 ICSB 必會持續朝此一方向努力。本屆大會議程詳見附件。

四、近年來 ICSB 世界大會主辦國及城市

目前 ICSB 規定只有分會有資格主辦世界大會，而且通當要在兩年以前就提出申請。下表列出從 1999 年

至 2005 年 ICSB 世界大會的主辦城市國家：

1999 年	義大利	那不勒斯
2000 年	澳大利亞	布理斯班
2001 年	中華民國	台北市
2002 年	波多黎各	聖璜市
2003 年	北愛爾蘭	貝爾法斯特
2004 年	南非	約翰尼斯堡
2005 年	美國	華府

五、結語

在 ICSB 世界大會中台灣的表現源於三方面：參加的人數、上台發表的質與量，以及 ICSB 中華民國分會的表現。在本次大會中，代表團每一位成員的表現頗受與會人士的肯定。今後應鼓勵更多的學者，專家與業者走出去參加國際性會議。台灣中小企業的表現以及台灣中小企業政策的制定都非常受到國際的重視。此次大會中加拿大代表即明白向我方表示加拿大中小企業政策制訂最重要的參考對象就是台灣。可是相對的台灣在國際中小企業會議中的聲音仍相對偏低，能見度也有提升的空間，台灣學界對中小企業研究成果的國際化推動宣揚也有很大的表現機會。這些都值得往後組團參加 ICSB 世界大會做參考。明年 ICSB 世界大會在南非約翰尼斯堡舉行，希望明年台灣代表的陣容會比今年更大。

附 件

附件一

International Council for Small Business

48th World Conference

15~18th June 2003—Northern Ireland

Sunday June 15 th		Monday June 16 th		Tuesday June 17 th		Wednesday June 18 th	
10:00 16:00	Conference Registration (Europa Hotel)	07:30 09:00	Conference Registrn. (Waterfront Hall)	08:00 14:00	Conference Registrn. (Europa Hotel)		
19:00 21:00	Welcome Reception & Buffet (Parliament Buildings, Stormont)	09:00 10:30	Opening Plenary Session I (Waterfront Hall)	09:00 10:30	Mini- Conference 3 Workshop 3 (Europa & Stormont)	09:00 10:30	Plenary Session III (Europa Hotel)
		10:30 11:00	Coffee Break	10:30 11:00	Coffee Break & Exhibition	10:30 11:00	Coffee Break
		11:00 12:30	Plenary Session II	11:00 12:30	Mini- Conference 4 Workshop 4	11:00 12:30	Closing Plenary Session IV
		12:30 14:00	Transfer to Hotels Lunch & Exhibition	12:30 14:00	Lunch & Exhibition	12:30 14:00	Farewell Lunch
		14:00 15:30	Mini- Conference 1 Workshop 1	14:00 15:30	Mini- Conference 5 Workshop 5	14:00 18:00	Optional Tours Programme + ICSB Board Meeting 2 Edinburgh Suite (Europa Hotel)
		15:30 16:00	Europa & Stormont Tea Break & Exhibition	15:30 16:00	Tea Break & Exhibition		
		16:00 17:30	Mini- Conference 2 Workshop 2	16:00 17:30	Mini- Conference 6 Workshop 6 ICSB-AGM (Europa Hotel)		
		19:00 for 19:30	Irish Night (Europa Hotel)	19:00 for 19:30	Civic Reception & Gala Dinner (City Hall)		

附件二

Cultivating Entrepreneurship—Policy Experience in Taiwan

The ICSB 48th World Conference

Plenary Session IV: The Future for Entrepreneur & Small Business

Abstract

In the era of the New Economy, entrepreneurship plays a crucial role in economic growth. Under the dramatic fluctuations of the international economy, many countries encounter bottlenecks for their economic development, and face the losing competitiveness of traditional industries and the increase of the unemployment rate. To resolve these problems, governments try to create more employment by assisting the establishment of new firms. Behind this, the very fundamental factor making an economic breakthrough or creating new jobs is entrepreneurship.

Realizing the importance of entrepreneurship, the government in Taiwan aims to creating a favorable environment for the development of entrepreneurship. The basic principle we follow is that there should be no obstacle for entrepreneurs to creating a new business. Establishment of a new business is not an easy task for beginners. Entrepreneurs will encounter all kinds of difficulties from financing, R&D, management, marketing, and even government regulations. This report will discuss how the government in Taiwan assists entrepreneurs to start their businesses. The policies include establishing a platform for business creation, promoting the buildups of business incubation centers, facilitating new businesses to obtain financial resources, and collaborating government, industries and universities. The following is the outline of the report:

1. The role of Entrepreneurship in economic development

The concept of entrepreneurship has a wide-range of definitions. The word *entrepreneur* originates from a French word, *entreprendre*, which means "to undertake in a business context." The duties entrepreneurs need to undertake include assumption of risk and responsibility in designing and implementing a business strategy or starting a business.

Though a successful entrepreneurial venture creates substantial wealth, the risk of an entrepreneurial venture must be high. Entrepreneurship often involves substantial innovation that gives the venture competitive advantage. The innovation may be in products or services itself, or in the business processes used to deliver it. According to GEM (Global Entrepreneurship Monitor) 2002 Executive report, there is a strong relationship between entrepreneurship and economic growth. About two-thirds of entrepreneurial activities aim to pursue attractive business opportunities, which may finally lead to emergence of new market and increase of welfare.

An important way to concretize entrepreneurship is to establish a new business. Taiwan has been famous for the superior performance of small enterprises for several decades and many new small companies are established each year. The importance and contribution of startup SMEs to economic development are that they can trigger competition and stir innovation, resulting in economic growth, technological upgrading, job creation, and welfare improvement.¹ Startups can be a stimulus to reinvigorate old firms, push old firms to improve their efficiency, and inject new blood into the vein of the economy.² Most importantly, in the era of the knowledge-based economy, startups are a crucial source of innovation.

2. The development of entrepreneurship in Taiwan: the current status

2.1 The current status of new businesses in Taiwan

¹ Klaus-Werner Schatz, 1987, "The Contribution of Small and New Enterprises to Growth and Employment," in Gemper, Bodo B., ed. *Structural Dynamics of Industrial Policy*, Transaction Books, Oxford, pages 89-104.

² Peter Johnson, 1986, *New Firms-An economic Perspective*, London, Allen and Unwin.

In the case of Taiwan, the enterprises established within 3 years accounted for around one-fourth of all enterprises, and over 98% of new enterprises are SMEs. Though the total capital of new enterprises was only around 4% of total capital of all enterprises, the operating revenues of startups accounted for around 10% of total operating revenues. New enterprises are clearly more efficient in terms of capital utilization. In addition, the proportion of new enterprises being established has consistently been higher than the proportion of existing enterprises ceasing operation, meaning that Taiwan is benefiting from strong entrepreneurial spirit and a healthy economy. In the sector of the new economy, startups played an increasingly important role. For example, startups accounted for 64.4% of all enterprises in the telecommunication sector in 1998, and the sales of startups occupied 69.59% of total sales in the industry of parts and components of aerospace.

2.2 Entrepreneurial finance

Concerning the capital resource of Taiwanese new businesses, as shown by Table 1, personal saving is the most important financial source for new businesses, followed by the bank loans or investment. Small startups are much more dependent upon rotating credit associations and loans/investments from other relatives/friends than their large counterparts. A relatively large portion of small startups obtain their capital resource from banks, indicating improvement in Taiwan's financial environment for small startups. However, the new firms receiving financial support from venture capital funds are limited to larger firms. Around 7.1% large new firms and 2% medium-sized new firms obtained their startup capital from venture capital funds. Though venture capitalists in Taiwan contributed to the creation of new firms they obviously did not treat small new firms as the investment targets.

Table 1: Main Sources of Startup Capital

	Small enterprises	Medium-sized enterprises	Large enterprises	All
Personal saving	54.2	52.8	53.6	53.8
Rotating credit association	5.4	1.6	0	4.3
Loans/investments from close family members	11.2	5.2	3.6	9.8
Affiliate	4.5	8.0	21.4	5.8
Loans/investments from banks	12.7	19.6	7.1	14.3

Government loans	0.8	0	0	0.6
Venture capital funds	0.9	2.0	7.1	1.3
Loans/investments from other companies in same industry	1.3	2.8	0	1.6
Loans/investments from other relatives/friends	7.8	5.2	3.6	7.0
Other	1.1	2.8	0	1.4

Source: Cited from Lin-min Hsueh and Ying-yi Tu, "Innovation and the Operational Performance of Newly Established Small and Medium Enterprises in Taiwan."

The venture capital business in Taiwan is booming during the recent years. The rapid growth of Taiwan's venture capital business started from 1996. Before 1996, the setup of new venture capital enterprises was average 2.8 firms per year, while after that, the number increased to average 23.6 new enterprises established each year. The aggregate capital stock also leapfrogged by six times from NT\$ 25.46 billion in 1996 to NT\$ 134.1 billion in 2001. In addition, the capital these VC enterprises invested also grew by six times from NT\$ 28.63 billion in 1996 to NT\$ 133.65 billion in 2001. Venture capital funds have already become an important financial source for Taiwan's new businesses.

Table 2: Taiwan Venture Capital Industry (1996-2001)

	1996	1997	1998	1999	2000	2001
No. of Venture Capital Funds	48	76	114	160	192	199
Operating Funds	47	72	107	153	170	176
New Funds in Year	14	28	38	46	32	7
Annual Growth Rate	38.24%	53.19%	48.61%	42.99%	20.26%	4.12%
Total Funds Size (NT\$100M)	254.60	426.31	729.32	1034.25	1280.76	1341.07
Annual Growth Rate	36.15%	67.44%	71.08%	41.81%	23.84%	4.71%
Total Number of Investments	1158	1839	2994	4493	6343	6957
Total Investment (NT\$100M)	286.37	435.22	651.13	947.06	1255.09	1336.55
No. of Investment in Year	471	951	1155	1499	1850	614
Investment in Year (NT\$100M)	88.13	176	215.91	295.92	308.03	81.46

Source: 2001 Taiwan Venture Capital Industry Annual Report, Taiwan Venture Capital Association.

Before 1996, Taiwan's venture capital funds showed a market tendency to invest much of their funds in companies at a development stage. Of NT\$ 1255 billion invested since 1984, 45.31% went to development stage companies. The tendency has changed since 1996. Table 3 show that the proportion invested in the development stage has steadily declined since 1996(from 55.2% in 1996 to 42.1%in 2000), while the investment in the startup stage continuously increased from 17.8% in 1996 to 32.8% in 2000. It demonstrates that the investment preference of VC funds in Taiwan has moved from the development stage to the early startup stage, though it has not reached the seed stage.

Table 3: VC Firms' Investment by Stage

		1984-1995	1996	1997	1998	1999	2000	2001	Total
Seed	Amount	20.66	8.89	7.25	20.13	18.51	24.06	63	99.5
	Percentage	12.05%	10.1%	4.1%	9.3%	6.3%	7.8%	10.3%	7.92%
Startup	Amount	11.29	15.69	42.27	54.5	74.35	101.1	219	299.2
	Percentage	6.58%	17.8%	24.1%	25.2%	25.1%	32.8%	35.7%	23.84%
Development	Amount	74.22	48.63	86.52	99.47	130.14	129.72	220	568.7
	Percentage	43.30%	55.2%	49.3%	46.1%	44.0%	42.1%	35.8%	45.31%
Mezzanine	Amount	62.44	14.29	37.3	40.15	70.8	50.42	109	275.4
	Percentage	36.43%	16.2%	21.2%	18.6%	23.9%	16.4%	17.8%	21.94%
Turnaround	Amount	2.77	0.63	2.29	1.66	2.12	2.73	3	12.2
	Percentage	1.61%	0.7%	1.3%	0.8%	0.7%	0.9%	0.5%	0.97%

Unit: NT\$ 100 million

Source: Taiwan Venture Capital Association

3. The advantageous and disadvantageous conditions to foster entrepreneurship in Taiwan

Each country has its own conditions to promote the development of entrepreneurship. Since entrepreneurship is a kind of spirit, it is highly related to culture and societal characteristics of a specific country. Even though a country has every advantageous cultural and societal condition to foster entrepreneurship, transforming the spirit into successful actions still need other favorable economic and regulation environments. In the following, I will discuss these advantageous and disadvantageous conditions in Taiwan.

3.1 The advantageous factors to foster entrepreneurship

3.1.1 Cultural and societal factors

Some factors embedded in Taiwan's economy and society, which can explain why we have so many prosperous small new businesses, are helpful for the development of entrepreneurship in Taiwan:

1. Culture factors: People in Taiwan have a special culture. They would rather be the leader in a small or inferior group than a follower in a large or superior group. This culture, of course, may generate some disadvantages in normal business operation, but it did lead to the booming of new businesses in Taiwan.
2. Many firms in Taiwan are owned and run by families and are difficult to expand the size of firms. Even in some family-based large enterprises, after the entrepreneurs passed away, the successors would divide the business into several new small businesses. This division forces the new entrepreneurs to take risk and responsibilities to survive in the markets. By doing this, many need to pursue innovation.

3.1.2 Education reform

During the recent years, education reform is transforming Taiwan's education system from "cram-education" to "creative education". The reform

is undertaken by the Ministry of Education with three main purposes: Creating a healthy scholastic environment; enabling every student to grow up happily; develop in the way best suited to themselves. Ministry of Education established a diversified, autonomous, flexible education system which will encourage students' creative thinking. We believe that the education reform will also make children more venturous and therefore is helpful to promote entrepreneurship in Taiwan.

3.1.3 New Curricula in Universities

In the start-up stage, an entrepreneur is required to possess some skills to make their new venture survive such as the skills on management, financing and marketing. In order to satisfy the needs of entrepreneurs, universities in Taiwan have tried to make new curricula on the development of entrepreneurship and have offered the courses on designation of business plan, stock/bonds/options investment, e-commerce, etc.

3.1.4 The Regulatory Environment

The regulatory environment in Taiwan allows firms to freely enter or exist from the market. Under market mechanism, the private investment could be respected and not be constrained by regulations. In Taiwan, people who have ambition and ideas will have a chance to start up a business. According to the "Company Law", the paid-in capital to set up a "company limited by shares" is at least around US\$ 30,000, and the paid-in capital to set up a "limited company" is at least \$15,000. The value of technology or patents can also be deducted to paid-in capital. In Japan, the paid-in capital for companies limited by shares and limited companies, respectively, are US\$87,000 and US\$26,000.

3.1.5 Personal Characteristics of Entrepreneurs

Entrepreneurs in Taiwan have some characteristics that are helpful to run their new businesses successfully and to let their new business become an engine of innovation.

1. New firm owners in Taiwan usually have plentiful work experience in the same industry their businesses belong to. Their new firms were built

mainly because new ideas were come out of their daily work. New firm owners who have previously worked in same industry accounting for 64.4% of all new firm owners, another 22% worked previously in a peripheral industry.

2. In Taiwan, the level of education of the new enterprise founders is high. Around 50% of the total founders have been educated at university or junior college level. A majority of them have a diploma on science or business.

3.2 The disadvantageous factors on fostering entrepreneurship

In the economy of Taiwan, some disadvantageous factors still obstruct the development of entrepreneurship. These factors are the targets that government policy is endeavoring to improve.

3.2.1 Information insufficiency for startups

To entrepreneurs, information about market, human resource, technology and financial sources is urgently needed for the operation of their new businesses. However, many entrepreneurs are not familiar with the channels to access the above-mentioned information, which always weaken their ambition to create a venture. In Taiwan, as in many other economies, lack of information, especially information about market, is an obstacle to setting up a business. To correct the market failure, Small and Medium Enterprises Administration (SMEA) designed a series of policy, which will be introduced later, to facilitate SMEs' access to information.

3.2.2 Financing

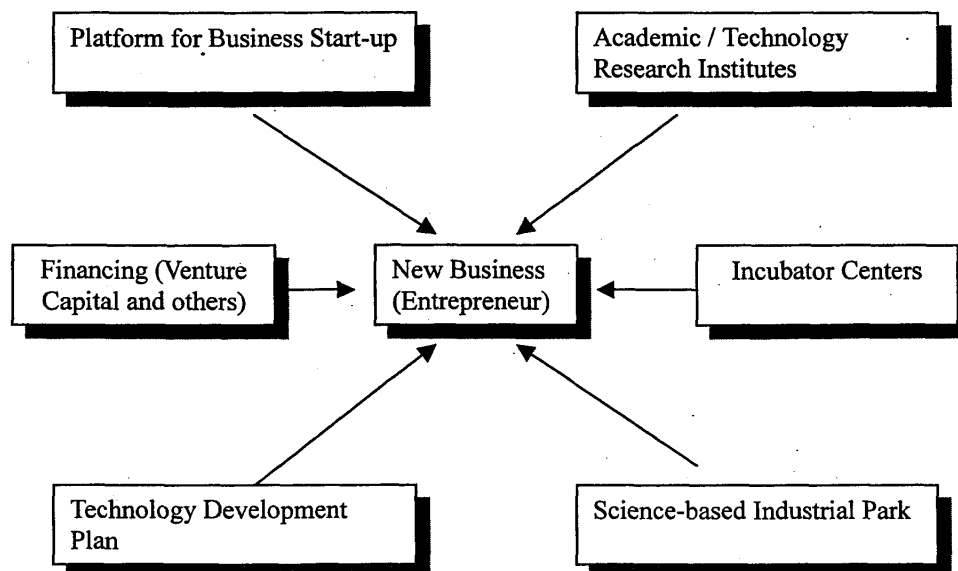
. Because of limitation on scale, small businesses have difficulty to make an attractive financial statement for applying a loan from banks. Taiwan's new enterprises are almost high-tech or service companies; even their patents or innovative business model are superior to other firms. However, this will not guarantee the secure financing resource. The government has being implemented some policies with an aim to increase available channels for them to access to finance.

4. Taiwan's policies assisting new businesses

Though small startups in Taiwan are capable of creating new ideas and innovation, they lack sufficient capability to transform the ideas into products and sell them in the marketplace. To create a suitable environment and correct market failure for business startup, policies should provide channels for startups to access to the supports on financing, R&D, commercialization, and marketing.

Policies on business startup include providing startups with information and consultation, diffusing technology, increasing personnel mobility, and creating a stable macroeconomic environment. They should be an integral part of overall economic policies. Figure 4-1 shows the policy framework to assist the buildup and growth of new businesses in Taiwan. The purpose of policies is to satisfy the various needs of new businesses. Platform for business startup is for consultation and information; venture capital and other financial resources are for the urgent need of new business in financing; research institutes and industrial parks are for the needs on technology and facilities; incubation centers are an synthesis place to give new businesses a complete service.

Figure 1: the Framework of entrepreneurship policy in Taiwan



Source: based on S. C. Chiang, "A study on the impact of government policy on business startup," *Economic Situation and Review*, June 2002.(in Chinese)

4.1 Facilitate Financing

In Taiwan, except for personal savings and loans from friends and relatives, all other financial resources can be increased their availability and accessibility by the assistance of government. In this regard, the government in Taiwan is making every effort to facilitate entrepreneurs to access to finance. Following are the main policy mechanisms.

4.1.1 Venture capital

The venture capital (VC) business in Taiwan grew rapidly during the past few years. The growth of Taiwan's thriving VC business makes it one of the most dynamic VC industries in the world. From 1996 to 2001, VC enterprises in Taiwan had invested US\$ 4 billion, around 96 percent of which went to the high-tech sector. For many high-tech startups, this infusion of capital investment saves them from cash starved situation. VC firms are also able to alleviate the situation of asymmetric information facing startups and integrate them into industrial networks. Fitting into industrial networks is crucial for high-tech startups, especially in Taiwan.

Although venture capitalists in Taiwan are not particularly interested in startups during the past, recently the investment in startup stage grows rapidly. Four VC companies (SME development companies) especially for investing in small startups were established under the support of the SMEA. So far, the SME development companies have invested in more than 100 portfolio companies. The current policies on venture capital focus on extending the sources of funds and reducing the administrative obstacles to the setup and operation of VC firms.

4.1.2 Financing R&D and Upgrading

Several financial channels have been provided by the government for stimulating SME innovation and upgrading. The government issued "SME upgrading loans" since 1989 for assisting SMEs in R&D and technological upgrading. Up to October 2001, the total accumulation of the loans amounted to USD 4.2 billion on 23,545 cases. In order to assist traditional

enterprises in upgrading, the government provided preferential loans since 1999. The accumulated amount in June 2001 reached US\$ 353 million on 1,287 cases. In addition, the Small and Medium Enterprise Administration also continues to help SMEs to apply for science and technology loans issued by industrial development bureau to engage in developing new products and new technology.

4.1.3 The emerging market

On Jan. 2, 2002, Over the Counter Securities Exchange officially established the Emerging Stock Board for unlisted companies. The purpose to create Emerging Stock Board is to provide the small-and-medium size enterprises (SMEs) an entrance to the capital market. In addition, the Emerging Stock Board dramatically simplifies the examination and listing process. The market is especially suitable for small startups because there are no profitability criteria, capital stock requirements, and dispersion of shareholdings for the Emerging Stock Board applicants. Up to August 2002, 128 companies registered on the Emerging Stock Board. Though this market is still developing, it is expected that with the increasing importance of the stock market to SME's financial inputs, startups will be more interested in finding their financial resources from the Emerging Stock Board.

4.2 A Platform for Business Start-up

Creating an environment feasible for business start-up is creating an environment encouraging new ideas, innovation, and ventures. In order to build a suitable environment for business start-up, the government is designing a platform as a mechanism to facilitate entrepreneurs to build up a new enterprise. Business Start-up Consulting Service Center caters for the needs of the start-ups for their unique characteristics and their sector-specific needs. The center offers consultation services for a wide range of areas, not just for legal requirements, but also expertise and helps with realistic goal setting.

In order to facilitate the startups to exchange their experiences and discover new

development and trends in business creation, the government holds Exhibition for Business Creation every year. Successful domestic and international new businesses were invited to introduce their business, exhibit their products, and share their successful experiences. Through various business exhibitions, entrepreneurs may have channels to access to the opportunities to establish a new venture. In addition, training programs for business creation are also implemented, aiming to build human capacity based on innovation and entrepreneurship. This program offers courses on management, business creation, and skills to market new products. Since its inception, thousands of business managers benefited from this program and contribute what they learned to their new businesses.

4.3 Incubation Policy toward Start-up SMEs

In Taiwan, incubators provide individuals or small enterprises the support of space, equipment, technology, professional manpower, business services, and information, which may stratify various needs of startups and SMEs. In incubators, SMEs are allowed to develop new products and new technology to establish a new business and conduct enterprise transformation and upgrades. So far, around 61 incubators have been established in Taiwan, 90 percent of which are located in universities. Hundreds of firms have benefited from participation in the projects of incubators; most of them are in the high-tech sector, especially in the IT industry.

Most incubators in Taiwan are so-called academic incubators and are located in universities. This is because in Taiwan, universities are able to provide multifaceted services with relatively low cost. With their plentiful resources, the services that universities can offer include technology, marketing, training, accounting, and management. Another important function the academic incubators can play is that they can help commercialize the research results of universities.

4.3.1 Incubator Center Operating Strategy and Future Prospects

Looking to the future, the incubation policy in Taiwan is planned to shift the emphasis from quantitative increase to qualitative improvement. The Five-year Plan for Strengthening the Functions of SME Incubator Centers has already been formulated. Under the design of this plan, incubator centers will

become an important platform for cross-industry collaboration within the innovation system, and a center to disseminate knowledge in Taiwan.

For encouraging more private sectors to participate in incubation centers operation, make enterprise formulation more powerful, and stimulate economy grow, the SMEA has proposed various measures with regard to the implementation of the current technology-based incubator strategy. one of which involves the inclusion of incubator centers within the technical services industry (one of the 'New Strategic Industries'), so that incubation centers will be eligible to receive the investment tax credits and five-year tax exemption provided for by the 'Statute for Upgrading Industries.' This will encourage private sector participation in incubation center operation, add new vitality to enterprise creation, and provide a new source of motive power for economic development. Further, the SMEA and the Industrial Development Bureau, have collaborated to facilitate guidance work in the initial stages also provide assistance in international collaboration in the area of enterprise creation.

4.3.2 Developing Incubator Centers to Create Jobs

With the slowdown in economic growth, there has been a significant rise in the unemployment rate in Taiwan. This has weakened young people's confidence in their ability to find a job, and has also led to despair amongst the middle-aged and elderly members of the unemployed. Since the creation of jobs is set to become another important indicator of the success of incubator centers, the government is considering to the cultivation of SMEs in the service sector and commercial sector, as these industries are capable of creating far more jobs than have so far been created by the the hi-tech incubation centers are.

4.4 Acquisition and use of key technology

Many new technological enterprises emerged from a breakthrough of R&D. In order to transform their new technology into business operation, entrepreneurs need sufficiency assistance from universities and research institutes. In "the Basic Law on Science and Technology," universities and other research institutes are encouraged to fully transfer their advanced technology results to industries, so that industries

could commercialize or reform the production process. Also, the government drew up the “Guidelines on Assisting Management and Distribution of Research Results” to encourage the institutes to establish management/distribution mechanism for their research results. Therefore, entrepreneurs probably more easily obtain developed key technology to start a new business.

On the other hand, Taiwan has established public research institutes since 1970s. One of their missions is to integrate resources of universities and industries. The institutes supply technology services, training and contract research to both sides. To enforce the cooperation, the “Principles on Encouraging Cooperation between Private Sectors and Academia” was enacted. This regulation allowed enterprises to use government expenditure to commission the academia to do research on products development.

5. Appraisal on policies and future development of entrepreneurship policies in Taiwan

As shown, Taiwan has provided startups with policies incentives for their growth and innovation. As we know, startups encounter more difficulties in their business operations than old enterprises, especially in R&D funding and commercialization and in access to market. The policies Taiwan adopted are mainly market-oriented. The goals and expected effects of these policies are that they can create a market mechanism that lead to prosperity of innovations in Taiwan’s economy. Under these policies there are not only startups can be benefited from these policies, the old firms can also be pushed for industrial upgrading due to the entrance of startups. Hence, these policies have an effect on enhancing overall competitiveness of Taiwan’s industrial sectors.

Based on the “Challenge 2008: National Development Plan,” SMEA is making efforts to establish the “Asia-Pacific Business Startup & Innovation Center” in Taiwan. This plan aims to assist buildup of new businesses and strengthen the capacity of innovation with a vision to transform Taiwan into a paradise of business startup and innovation. This plan tries to achieve the goals by setting up the information platform for business startup & innovation, assisting newly established enterprises to obtain working capital, and enforcing incubator centers functions. The buildup of the

center is expected to be useful to promote SME innovation capacity, increase business chance and job opportunity, release innovation power from research institute and academia to enterprises. It will accelerate the tendency of business startup & innovation and also stimulate the growth and development of economy.

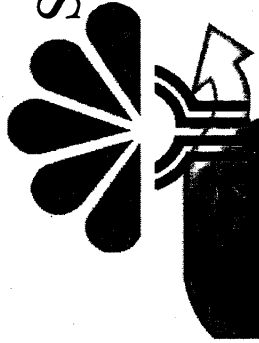
Cultivating Entrepreneurship —Policy Experience in Taiwan

Mr. Robert, Sun-Quae LAI

Director General

Small and Medium Enterprise Administration

Ministry of Economic Affairs





Outline of the Report

- I. The Role of Entrepreneurship in Economic Development
- II. The Development of Entrepreneurship in Taiwan:
The Current Status
- III. The Advantageous and Disadvantageous
Conditions to Foster Entrepreneurship
- IV. Policies on Assisting New businesses
- V. Appraisal on Policies and Future Development of
Entrepreneurship Policies in Taiwan



The Role of Entrepreneurship in Economic Development

- The word *entrepreneur* means "to undertake in a business context."
- The duties entrepreneurs need to undertake include assumption of risk and responsibility in designing and implementing a business strategy or starting a business.
- An important way to concretize entrepreneurship is to establish a new business.
- Startup SMEs can trigger competition and stir innovation, resulting in economic growth and technological upgrading.

The Development of Entrepreneurship in

Taiwan: The Current Status

The Current Status of New Businesses in Taiwan

- ☐ In Taiwan, the enterprises established within 3 years accounted for around one-fourth of all enterprises.
- ☐ Over 98% of newly established enterprises are SMEs.
- ☐ Startups accounted for 64.4% of all enterprises in the telecommunication sector in 1998.



Main Sources of Startup Capital

	Small enterprises	Medium-sized enterprises	Large enterprises	All
Personal saving	54.2	52.8	53.6	53.8
Rotating credit association	5.4	1.6	0	4.3
Loans/investments from close family members	11.2	5.2	3.6	9.8
Affiliate	4.5	8.0	21.4	5.8
Loans/investments from banks	12.7	19.6	7.1	14.3
Government loans	0.8	0	0	0.6
Venture capital funds	0.9	2.0	7.1	1.3
Loans/investments from other companies in same industry	1.3	2.8	0	1.6
Loans/investments from other relatives/friends	7.8	5.2	3.6	7.0
Other	1.1	2.8	0	1.4

The Development of Entrepreneurship in



Taiwan: The Current Status

Entrepreneurial Finance

- ☐ Personal saving is the most important financial source for new businesses, followed by the bank loans or investment.
- ☐ Small startups are much more dependent upon credit associations and loans/investments from other relatives/friends than their large counterparts.
- ☐ Around 7.1% large new firms and 2% medium-sized new firms obtained their startup capital from venture capital funds.

The Development of Entrepreneurship in



Taiwan: The Current Status

- ☐ The venture capital business in Taiwan is booming during the recent years. The aggregate capital stock leapfrogged by six times from NT\$ 25.46 billion in 1996 to NT\$ 134.1 billion in 2001.
- ☐ Venture capital funds have already become an important financial source for Taiwan's new businesses.
- ☐ The investment in the startup stage continuously increased from 17.8% in 1996 to 32.8% in 2000.

The Advantageous and Disadvantageous Conditions to Foster Entrepreneurship

The advantageous factors to foster Entrepreneurship

- ☐ Cultural and societal factors
- ☐ Education reform
- ☐ New Curricula in Universities
- ☐ The Regulatory Environment
- ☐ Personal Characteristics of Entrepreneurs

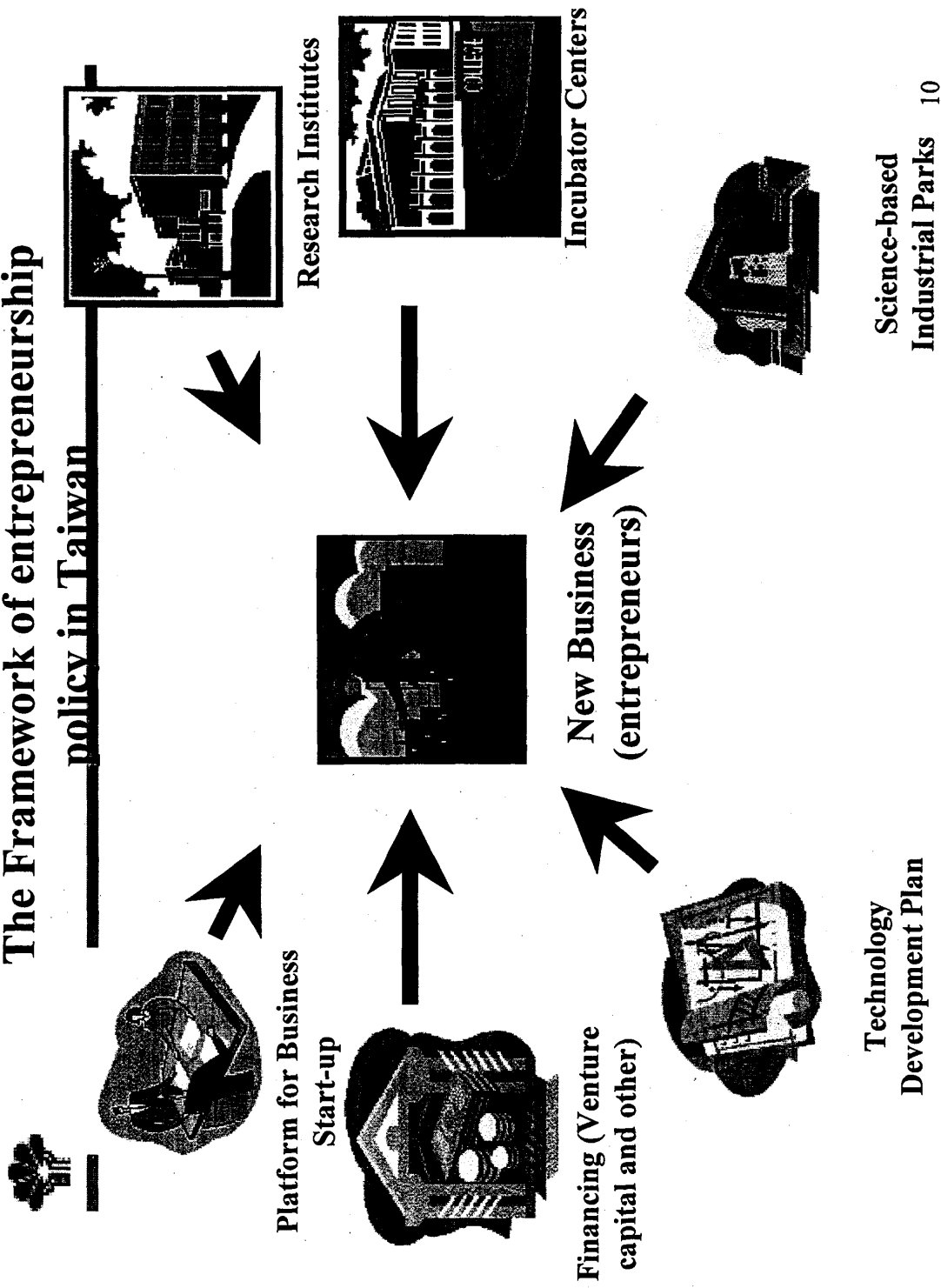
The Advantageous and Disadvantageous Conditions to Foster Entrepreneurship

The Disadvantageous Factors on Fostering Entrepreneurship

- ☐ Information insufficiency for startups
Information Insufficiency weakens entrepreneurs' ambition to create a venture.
- ☐ Financing
 - Small businesses have difficulty to make an attractive financial statement for applying a loan from banks.
 - “Patents” or superior innovative models of startups can not guarantee the secure financing resource.

The Framework of entrepreneurship

policy in Taiwan





Policies on Assisting new businesses

Facilitate Financing

□ Venture capital

- The fast growth of Taiwan's VC business makes it one of the most dynamic VC industries in the world.
- Around 96 percent of VC investment went to the high-tech sector.
- The SME development companies have invested in more than 100 portfolio companies.
- The current policies on venture capital focus on extending the sources of funds and reducing the administrative obstacles.

Policies on Assisting new businesses

☐ Financing R&D and Upgrading

SME upgrading loans: The government issued “SME upgrading loans” since 1989 for assisting SMEs in R&D and technological upgrading. Up to October 2001, the total accumulation of the loans amounted to USD 4.2 billion on 23,545 cases.

☐ Emerging Stock Board:

On Jan. 2, 2002, Over the Counter Securities Exchange officially established the Emerging Stock Board for unlisted companies. The purpose is to provide SMEs an entrance to the capital market.

Policies on Assisting new businesses

☐ A Platform for Business Start-up

-----Business Start-up Consulting Service Center caters for the needs of the start-ups for their unique characteristics and their sector-specific needs.

-----Through various business exhibitions every year, entrepreneurs may have channels to access to the opportunities to establish a new venture.

-----Training programs for business creation offers courses on management, business creation, and skills to market new products.

Policies on promoting e-commerce for SMEs

- Incubation Policy toward Start-up SMEs
 - ✓ Around 61 incubators have been established in Taiwan, 86 percent of which are located in universities.
 - ✓ In Taiwan, universities are able to provide multifaceted services with relatively low cost. They can help commercialize the research results of universities.
 - ✓ Most of firms are in the high-tech sector, especially in the IT industry.

Policies on promoting e-commerce for SMEs

- ✓ Looking to the future, the incubation policy in Taiwan shifts the emphasis from quantitative increase to qualitative improvement.
- ✓ The Five-year Plan for Strengthening the Functions of Incubator will transfer incubators into an important platform for cross-industry collaboration within the innovation system, and a center to disseminate knowledge in Taiwan.
- ✓ Since the creation of jobs is set to become another important indicator of the success of incubator centers, the government is considering to the cultivation of SMEs in the service sector and commercial sector.

Policies on promoting e-commerce for SMEs

☐ Acquisition and use of key technology

- ✓ In “the Basic Law on Science and Technology,” universities and other research institutes are encouraged to fully transfer their advanced technology results to industries.
- ✓ The “Guidelines on Assisting Management and Distribution of Research Results” encourages research institutes to establish management and distribution mechanism for their research results.
- ✓ Public research institutes integrate resources of universities and industries. They supply technology services, training and contract research to both sides.

Appraisal on Policies and Future Development of



~~Entrepreneurship Policies~~

- The policies Taiwan adopted are mainly market-oriented. The goals and expected effects of these policies are that they can create a market mechanism that lead to prosperity of innovations in Taiwan's economy.
- Based on the "Challenge 2008: National Development Plan," SMEA is making efforts to establish the "Asia-Pacific Business Startup & Innovation Center" in Taiwan.



Thank You